2000-2001

annual report

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Canadian Cataloguing in Publication Data
BC Transportation Financing Authority.
Annual Report. -- 1993/94 -

Annual.
Title from cover.
Some issues also have a distinctive title.
Report year ends Mar. 31.
ISSN 1208-1507 = Annual report - BC Transportation Financing Authority

1. BC Transportation Financing Authority - Periodicals. 2. Infrastructure (Economics) - British Columbia - Finance - Periodicals. 3. Roads - British Columbia - Design and construction - Finance - Periodicals. I. Title. II. Title : BC Transportation Financing Authority annual report.

HE196.5.B27 354.76'273'0971105 C96-805426-9

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TABLE OF CONTENTS

Transmittal Letter 3

Corporate Profile 4

Report on Performance 7
- Protection 8
- Planning and Investing Wisely 11
- Partnerships 17
- Innovation 23

Management Discussion and Analysis 30
- Operating Environment 30
- Changes in Financial Condition 32
- Financial and Operating Statistics 33
- BCTFA Highway Capital Plan 33
- BCTFA Operating Budget 34

Financial Report 36

Governance Practices 51

Construction of the Nakusp Bypass in the Kootenays is one of BCTFA's investments to improve mobility in the North and the Interior

BRITISH COLUMBIA

The Honourable
Iona Campagnolo
Lieutenant Governor
Of the Province of
British Columbia

May it Please Your Honour:

In fullfilling my obligation as the Minister responsible, I am pleased to table the Annual Report for BC Transportation Financing Authority for the fiscal year ending March 31, 2001.

Sincerely,

Judith Reid

Hon. Judith Reid,
Minister responsible for the
BC Transportation Financing Authority

Corporate Profile

BCTFA's Mission

The BC Transportation Financing Authority is a provincial Crown Corporation established in 1993 through the *Build BC Act*. The BCTFA is mandated to develop and maintain a provincial transportation strategy, prioritize investments in the provincial highway system, promote cost-effective project delivery, find innovative ways to finance capital construction of highways, and increase the social and economic benefits of B.C.'s transportation infrastructure.

The *Build BC Act* stipulates that the purpose of the BCTFA is "...to plan, acquire, hold, construct, improve, or cause to be constructed or improved transportation infrastructure throughout British Columbia and to do such things as the Lieutenant Governor in Council may authorize".

The BCTFA owns and directs the development and financing of B.C.'s highway system, finances transportation infrastructure needed for economic development initiatives, encourages the development of alternative modes of transportation across the province and supports a network of community airports that provide emergency evacuation capability.

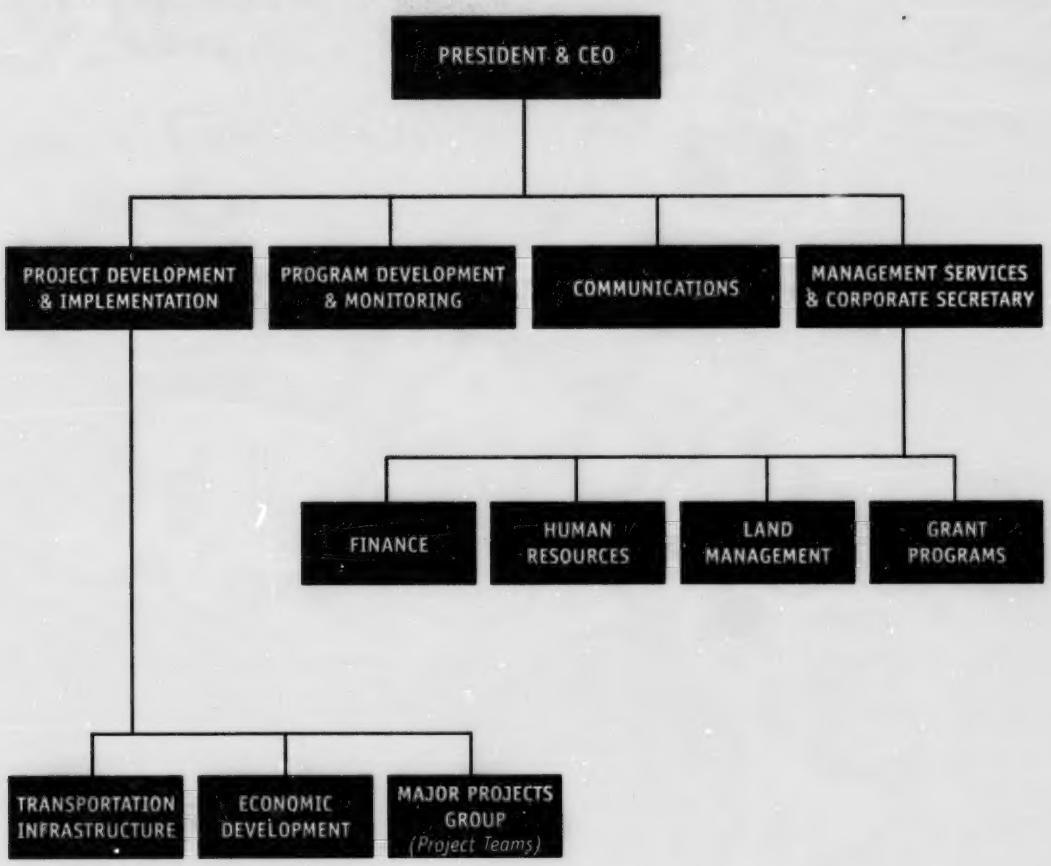
In part, the BCTFA pursues these objectives through partnerships with other levels of government and private sector interests. These partnerships often involve innovative financing. In addition, the BCTFA uses its investments in highways to encourage local hiring and provide training and employment opportunities for workers from groups traditionally under-represented in the highway construction industry.

Organization

The BCTFA is governed by a five-member board of directors. Further information regarding the Board can be found in the Governance section of this report. The four operating units of the authority report to the President and Chief Executive Officer:

- The Program Development and Monitoring Division has overall responsibility for developing the highway capital plan and overseeing its timely delivery within approved scope and budget.
- The Project Development and Implementation Division develops and delivers transportation projects that involve partnerships with innovative financing or cost-sharing with external parties.
- The Management Services Division administers grant programs that encourage alternative transportation modes, manages the land portfolio, and provides corporate services.
- The Communications branch provides communications services and advice.

BCTFA Organizational Structure



Highway Constructors Ltd.

Highway Constructors Ltd. (HCL) is a subsidiary of the BC Transportation Financing Authority created in accordance with the *Build BC Act* and incorporated under the Company Act. HCL is the agent of the BCTFA through which the corporation can achieve social and economic objectives of the province.

Working with Other Agencies

The BCTFA works closely with the Ministry of Transportation and Highways (MoTH). BCTFA is the owner of and investor in the provincial highway system, while the Ministry operates and regulates the system. MoTH also functions as the delivery agent for the majority of the BCTFA's highway capital investments.

To address B.C.'s transportation challenges, the BCTFA also works in collaboration and partnership with other agencies that share common interests and goals. These include the federal government, local governments, other Crown Corporations and TransLink in the Lower Mainland.

Vision and Core Values

The BCTFA has established four objectives that serve as the foundation of all its activities. They are:

1. **Protecting** B.C.'s existing roads, bridges and highways by replacing, repairing and seismically upgrading them;
2. **Investing wisely** through a long-term provincial transportation strategy;
3. **Developing partnerships** with other government agencies, communities and the private sector to reduce costs for provincial taxpayers; and
4. **Using innovation** to get the best and most affordable transportation solutions for the money invested.

Using these objectives, the BCTFA analyzes and directs its investments to ensure they fit into a long-term plan, deliver best value for money and are affordable. The BCTFA has developed specific programs to achieve these goals and has developed corresponding performance measures to evaluate effectiveness.

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Report on Performance

The BCTFA 2000/01 Performance Plan established general targets to be used to determine performance. These included performance measures such as strengthening project reporting, comparing actual expenditures to approved budgets, enforcing adherence to project schedules and assessing the effectiveness of capital investments and programs. In addition, the BCTFA initiated a performance audit program to evaluate the actual performance and benefits against the anticipated performance and benefits of selected projects.

Although these principles were established for the 2000/01 Performance Plan, firm performance targets were not set until the development of the 2001-2004 Performance Plan. For this reason, this Annual Report will report on specific performance targets described in the 2001-2004 Performance Plan under the categories of **Protection, Investing Wisely, Partnerships and Innovation** as laid out in the following table.

Table 1
Summary of BCTFA Goals, Strategies and Performance Measures

Goal	Strategy	Measures
Protection of Transportation Assets	– **Preservation and Replacement Program** – **Air Transport Assistance Program** – **Newly Incorporated Territories Program**	– **Bridge and Pavement Condition Indexes:** Measure the percentage of B.C.'s bridges and pavement quality rated as good or excellent condition on an annual basis. – **Seismic Investment Rate:** Measures costs avoided through annual seismic upgrade investments.
Planning and Investing Wisely	– **Priority Corridor Program** – **Major Highway Performance Sustaining Program** – **Minor Capital Improvement Program** – **Lower Mainland Congestion Relief Program**	– **Mobility Index:** Measures being developed. – **Safety Measures:** Measures being developed. – **Scope/Schedule Performance Index:** Compares budgeted cost of work actually done to the budgeted cost of work scheduled. – **Cost Performance Index:** Cost performance index is the actual cost of work performed compared to the budgeted cost of work performed. – **Benefit/Cost Ratio:** Measures benefits for each dollar spent on capital projects.
Partnerships	– **Economic Development Partnerships** – **Infrastructure Partnerships** – **Oil and Gas Initiative 2** – **Federal-Provincial Partnerships** – **Trans Canada Trail**	– **Transportation Investment Leveraged:** Measures annual transportation infrastructure investment recovered or to be recovered from other sources. – **Actual versus Projected Recoveries:** Measures recovery of investment from other parties each year compared to projected recoveries.
Innovation	– **Demand Management** – **HOV/Transit Priority Program** – **Cycling Network Program** – **Maximizing the Benefits of Highway Investment** – **Generating Revenues**	– **Vehicle Occupancy Measures:** Measures increased average vehicle occupancy during peak periods and compliance with occupancy rules on the overall network. – **Cycling Network Development:** Measures pace of cycling facility construction. – **Employment Equity:** Measures percentage of total HCL employees from equity groups. – **Employment Training:** Measures the number of HCL trainees. – **Local Hires:** Measures number of HCL employees hired within 100 km of job sites on provincial capital transportation investments of $30 million or more. – **Land Revenues:** Measures total net revenues from sales, leasing and licensing of public lands.

Report on Performance

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Protection of Transportation Assets

The component of the BCTFA Highway Capital Plan aimed specifically at protecting transportation assets is the Preservation and Replacement Program. The Authority's long-term capital plan has targeted a level of $135 million investment annually to maintain the highway system's overall good condition. In 2000/01, $144.4 million was invested in the preservation and replacement program.

The Preservation and Rehabilitation Program is comprised of three elements:

Road and Bridge Resurfacing
By replacing or hard-surfacing roads at advantageous times, the life cycle costs of highways can be minimized. 2,310 lane-kilometres were resurfaced in 2000/01.

Bridge Rehabilitation and Replacement
Since the beginning of fiscal 1998/99, BCTFA investments have addressed the most critical needs at a faster rate than deterioration has taken place, reducing the number of bridge structures that require major investment. In 2000/01, the BCTFA invested $31.2 million in the rehabilitation or replacement of 108 bridge structures.

Seismic Retrofitting
The seismic retrofitting program upgrades bridges in the province. This program has a long-term objective of investing $210 million in two phases. Phase 1, underway since 1998, will invest $75 million to improve the Province's ability to respond in the event of an earthquake by retrofitting Lifeline Bridges and Disaster Response Routes that are critical to responding to emergency situations in the event of an earthquake. Phase 2 will make investments that improve the ability to recover from an earthquake by minimizing the disruption to the movement of goods and services, providing the capacity to rebuild and restore infrastructure and to maintain order. Implementation of the second phase of investment of $135 million will be considered when the first phase is complete or nearing completion.

Performance Measures

The performance of investments through the Preservation and Replacement Program is measured by the percentage of B.C.'s bridges and pavement quality rated as good or excellent condition on an annual basis.

Table 2
Facilities in Good or Excellent Condition

Measure	Annual Condition Results for 1999/00*
Bridge Condition (% in good or excellent condition)	77%
Primary Road Pavement Condition (% in good or excellent condition)	75%
Secondary Road Pavement Condition (% in good or excellent condition)	65%

**Condition reports require more time to compile than allowed by the publication timelines for this document. Therefore, each annual report will contain actual condition results for two years previous.*

The performance of the BCTFA's seismic program is measured by an estimate of costs that will be avoided through seismic upgrading. The benefits are estimated to yield an average of $600 million of avoided costs (lives lost, destruction, damage to infrastructure through floods and fire, etc.) Unlike other programs where efficacy can be measured against predetermined goals, the effectiveness of the program will ultimately only be known at the time of an event, not upon project completion. Therefore, a proxy performance measure is the percentage of projects completed as a proportion of the respective phases.

Table 3
Percentage of Phase 1 Cumulative Completed Investments

	Projected Cumulative Expenditures to the end of 2000/01 – $35.5 Million	Actual Expenditures at end of 2000/01 – $34.8 Million*
Phase 1 (% of $75 Million)	47.33%	55.33%
Estimated Benefit (Based on % of $600 Million)	$284 Million	$332 Million

**Based on a proportion of "Work to Date" to "Planned Expenditures" for the Seismic Program for 2000/01 (As of March 31, 2001) BCTFA Capital Plan-Summary Report.*

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Grant Programs Protecting Non-provincial Transportation Network Assets

In addition to making capital investment in its own transportation assets, the BCTFA provides loans, guarantees, and other financial instruments, such as grants to public and private sector organizations to support their transportation infrastructure investments. As these programs involve non-provincial assets, investment targets involve ensuring that funding falls within notional budgets for the programs and is applied only to those projects that meet investment criteria. The grants are provided through the Air Transport Assistance and Newly Incorporated Territories programs.

During 2000/01, the BCTFA approved grants of $0.95 million for 13 projects at 12 community airports and $3.74 million in 8 communities for local road improvements.

Morrison Creek Bridge on Vancouver Island Highway Project

Planning and Investing Wisely

Wise investment and getting the most benefit for taxpayer dollars involves finding creative, affordable transportation solutions that:

- **move goods and people more efficiently;**
- **provide a highway system that keeps B.C.'s businesses competitive;**
- **relieve congestion and help protect air quality; and**
- **support development of liveable communities.**

In 2000/01 the BCTFA allocated $2 million to complete investment strategies underway and initiate development of new ones. Planning activities are required for major highway corridors to define improvements, implementation strategies and investment levels to make sure that short-term activities are generally consistent with longer-term needs. This also ensures that transportation objectives are co-ordinated with regional growth management strategies and local land use plans.

The BCTFA has established separate investment programs within its long-term capital plan to prioritize investments in the context of similar projects, while ensuring that projects support long-term transportation solutions.

Priority Corridor Program

The BCTFA's Priority Corridor Program was established to develop investment strategies that would lead to improved service along B.C.'s primary highway corridors. The BCTFA's investment strategies are based on the best, most-affordable transportation solutions as determined by corridor management plans for routes that have deficiencies and/or are facing pressures from traffic growth. The 2000/01 program focussed on five priorities:

Highway 1 from Cache Creek to the Rockies

The BCTFA's multi-year strategy to upgrade the Trans Canada Highway between Cache Creek and the Rockies continued with a total investment of $27 million for 2000/01. Work included a project to four-lane 3.5 kilometres from Balmoral Road to Carlin Road along with construction of secondary roads and farm vehicle underpasses in the area.

Highway 37 North of Meziadin Junction

Fiscal year 2000/01 was the second of a four-year investment plan that will see a total of $14.49 million invested in reconstruction and sealcoating of 44 kilometres of the highway from Deltaic Creek to Bell-Irving #2 Bridge and from Rescue Creek to Kinaskan Lake. Investment in the corridor for 2000/01 was $4.73 million.

Highway 97 from the US Border to Highway 1

Highway 97 is a main north-south highway, serving B.C.'s interior and linking it to the United States. It has international and national significance, as well as being a major provincial transportation and tourism corridor. A corridor management plan has been developed for the section of the route in the Central Okanagan Regional District to support the Regional District's growth management strategy. During 2000/01, the BCTFA began funding and governance discussions with local governments to determine options for alternative funding arrangements.

Nisga'a Highway

The conclusion of the Nisga'a Treaty process in the Nass Valley will lead to economic growth and development requiring safe reliable highway access. The region's main road access, the Nisga'a Highway, experiences flooding and has poor surface conditions and deficient alignment impeding its reliability. To address this problem, the BCTFA is investing $41 million over seven years to upgrade the road to an all-weather two-lane highway (general 70-km/h standard) to serve Nass Valley residents and resource industries in the area. The BCTFA invested $6.44 million in the Nisga'a Highway during 2000/01.

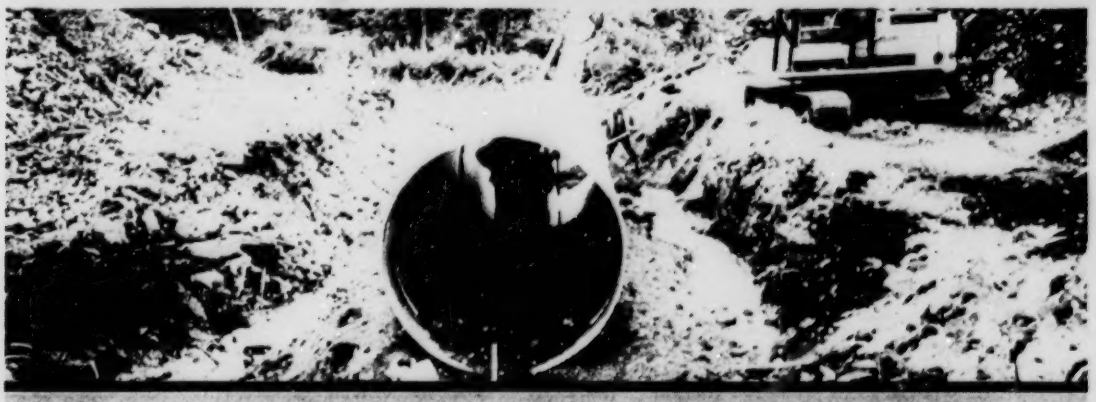
The Village of Kincolith, now only accessible by air or sea, will become accessible through a new road that will be connected to the Nisga'a Highway at Greenville. The Greenville to Kincolith Road Project is being completed under a cost-sharing partnership between the federal government, the BCTFA and the Nisga'a Tribal Council.

Vancouver Island Highway

Partially underway prior to the inception of the BCTFA's current corridor program, work on the project began in 1993. BCTFA has continued with an investment program that has seen the project work completed each year on time and on budget. $77.85 million was invested in the project during 2000/01.

Major Highway Performance Sustaining Program

Through the Major Highway Performance Sustaining Program, the BCTFA invests funds to maintain optimal service levels on major highways that are not part of the priority corridors program. Initiatives under this program include constructing passing lanes and truck climbing lanes; intersection improvements; road realignments to improve safety; and capacity improvements through towns and cities.



Installation of fish passage culvert as part of Nisga'a Highway improvements

Projects that the BCTFA invested in during 2000/01 to sustain performance of various highways included:

- Highway 3A - replacing the Kootenay Lake ferry that operates as part of the highway;
- Highway 97 north - John Hart Bridge and Interchange as well as four passing/truck climbing lanes were completed along Highway 97 between Williams Lake and Prince George;
- Highway 4 - section from Redford Road to Elkford Road; and,
- Highway 6 - Nakusp Truck Route improved safety in Nakusp by separating highway truck traffic and local traffic.

Minor Capital Improvement Program

The BCTFA's Minor Capital Improvement Program (MCIP) allocates approximately $10 million per year for small, cost-effective projects throughout the province. The focus of MCIP is on the North, Interior and Kootenays. It serves to reduce local pressures for more extensive investment where either funding is not available or value for money cannot be demonstrated. Emphasis is on the application of ambient condition design specifications that are consistent with the character of the remainder of the corridor on which improvements occur.

In 2000/01, the BCTFA invested $11.17 million in minor capital improvements across B.C. An example of a project completed under this program was work on the Highway 6/97 intersection to improve traffic flows and safety.

Lower Mainland Congestion Relief Program

Initiatives under the Lower Mainland Congestion Relief Program improve the effectiveness of the existing transportation infrastructure. The program invests in improvements to highway connections, supports alternative travel modes, and the use of traffic management technology to improve traffic flows. By improving the effectiveness of the existing transportation infrastructure, the program extends the life span of transportation resources, moves people and goods more efficiently, and improves connections to airports, border crossings, ferries and shipping terminals.

The BCTFA invests in projects that help relieve congestion in the Lower Mainland and encourage use of high occupancy commuting. BCTFA investments take place through both its capital plan and its grant programs. 2000/01 capital investment in congestion relief included the High Occupancy Vehicle (HOV) lane expansion on the Port Mann Bridge, and converting bus lanes on Highways 17 and 99 to HOV lanes. Grant highlights included providing a $3.77 million grant to Delta and Surrey for completing the Nordel Way extension project and a $0.7 million grant to Burnaby to go toward building HOV lanes along Willingdon Avenue. (Performance information for HOV investments is included under *Innovation* which appears later in this Performance Report.)

PERFORMANCE MEASURES

The effectiveness of BCTFA's capital investments is measured by performance of roads in terms of mobility and safety, while the effectiveness of BCTFA program management is measured through scope and schedule performance, cost-benefit ratios of investments and cost performance.

Mobility Index

The performance of the BCTFA's investment strategies is being measured separately for the Lower Mainland and other areas of the province. The direct effectiveness of investments on congestion in the Lower Mainland is a complex issue that is currently being reviewed. To measure effectiveness accurately, congestion reduction goals have been adjusted to reflect that Lower Mainland targets differ from those set for the rest of the province. For example, although the congestion threshold for all provincial roads is 60% of capacity 50% of the time, a more realistic target for the Lower Mainland would be 80% capacity 50% of the time. This higher threshold in the Lower Mainland is due to limited financial resources and the many potential congestion choke points in that area. Reliable data, for both the Lower Mainland and the rest of the province, is currently being compiled and will establish benchmarks on which to base future performance reporting.

Safety Measures

Road safety performance is a function of human, road, environmental and vehicle factors. Road safety has improved significantly over time through actions taken by different levels of government and various agencies, including engineering improvements, education, enforcement/regulations, and medical strategies. However, a high percentage of accidents are caused by human actions and conditions that do not respond to engineering initiatives. Because of this, road safety targets are being established in consultation and coordination with other agencies that can also have influence over road safety problems by allocating mitigation resources. To this end, ICBC, MoTH and the BCTFA have developed a Memorandum of Understanding to approach road safety cooperatively over a five-year time period.

Current safety performance measures and targets will be updated when the parties establish revised safety targets. These targets will be based on more reliable and consistent data and will reflect the resources and efforts each agency plans to dedicate, as well as general safety trends. The resulting system-level safety performance measures will provide across-the-board indicators of the combined effectiveness of each agency's activities. Program-specific safety performance measures will be developed with business partners when reliable data and proper monitoring processes are in place.

In the meantime, interim safety performance measures and targets have been established, but they are based on incomplete accident data and reflect minimum road safety expectations.

Data on accident frequency (the number of fatal, injury and property damage accidents per year) is not currently available because many property only accidents are inconsistently reported.

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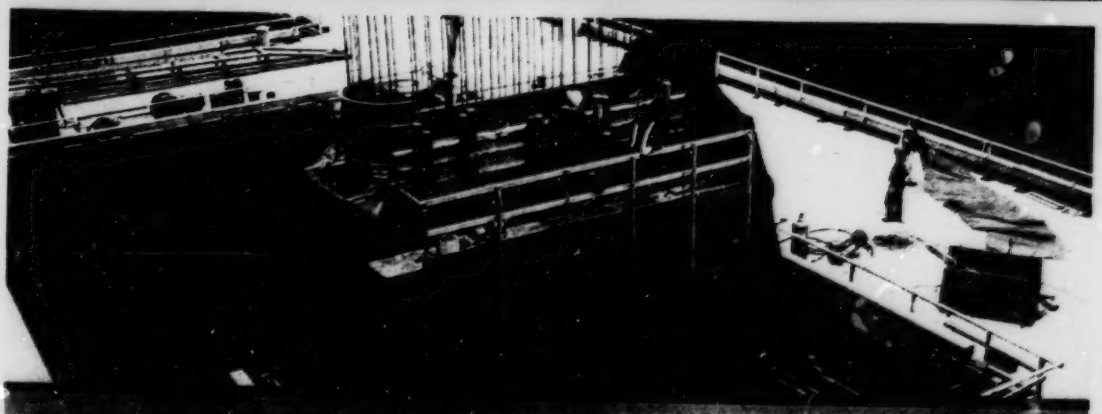


Pouring concrete into a pier form on the new John Hart Bridge

The BCTFA is working with ICBC, MoTH and other stakeholders to establish accident reduction targets and revised performance measures.

Injury Rate: Injuries/100 million vehicle kilometres travelled

2000/01 Target*	Actual
28	Information not yet available

**This table is an interim measure for BCTFA's injury reduction performance. The BCTFA is working with ICBC, MoTH and other stakeholders to establish accident reduction targets and revised performance measures.*

Table 5
Fatality Rate: Fatalities/100 million vehicle kilometres travelled

2000/01 Target*	Actual
1.06	Information not yet available

**This table is an interim measure for BCTFA's fatality reduction performance. The BCTFA is working with ICBC, MoTH and other stakeholders to establish revised accident reduction targets and performance measures.*

Scope/Schedule Performance Index

The scope/schedule Performance Index measure compares the actual work accomplished to what was originally planned. The goal is to bring projects in on schedule, resulting in an index of 1.0. A result greater than 1 indicates that more work was completed than planned.

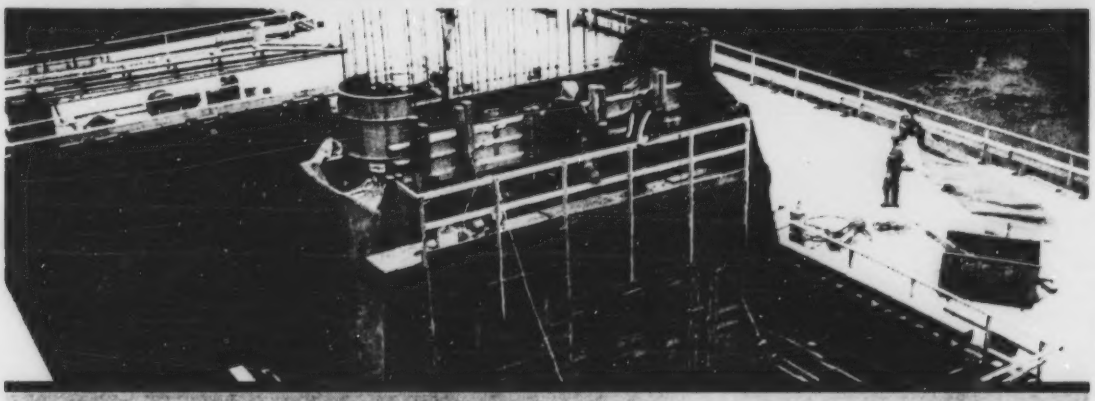
Table 6
Scope/Schedule Performance Index

2000/01 Target	Actual
1.000	0.966*

**The BCTFA undertook an accelerated capital program in 1999/00 and 2000/01, with planned spending of $490 million and $485 million respectively. Some projects were not completed on schedule for a range of reasons including unanticipated geotechnical problems, requirements for more extensive public consultation, and delays to reduce environmental impacts.*

Benefit/Cost Ratio

This measure provides the benefit/cost ratio of capital projects initiated in a given year. Benefits include improved travel times and safety. These benefits are quantified using rates consistent with other jurisdictions in Canada. Benefit/cost ratio means that for every $1.00 invested, benefits of a comparative monetary value are generated over time.



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The BCTFA is working with ICBC, MoTH and other stakeholders to establish accident reduction targets and revised performance measures.

Table 4
Injury Rate: Injuries/100 million vehicle kilometres travelled

2000/01 Target*	Actual
28	Information not yet available

**This table is an interim measure for BCTFA's injury reduction performance. The BCTFA is working with ICBC, MoTH and other stakeholders to establish accident reduction targets and revised performance measures.*

Table 5
Fatality Rate: Fatalities/100 million vehicle kilometres travelled

2000/01 Target*	Actual
1.06	Information not yet available

**This table is an interim measure for BCTFA's fatality reduction performance. The BCTFA is working with ICBC, MoTH and other stakeholders to establish revised accident reduction targets and performance measures.*

Scope/Schedule Performance Index

The scope/schedule Performance Index measure compares the actual work accomplished to what was originally planned. The goal is to bring projects in on schedule, resulting in an index of 1.0. A result greater than 1 indicates that more work was completed than planned.

Table 6
Scope/Schedule Performance Index

2000/01 Target	Actual
1.000	0.966*

**The BCTFA undertook an accelerated capital program in 1999/00 and 2000/01, with planned spending of $490 million and $485 million respectively. Some projects were not completed on schedule for a range of reasons including unanticipated geotechnical problems, requirements for more extensive public consultation, and delays to reduce environmental impacts.*

Benefit/Cost Ratio

This measure provides the benefit/cost ratio of capital projects initiated in a given year. Benefits include improved travel times and safety. These benefits are quantified using rates consistent with other jurisdictions in Canada. Benefit/cost ratio means that for every $1.00 invested, benefits of a comparative monetary value are generated over time.

The BCTFA has established an aggregate minimum target cost/benefit ratio of 2.0. Other factors such as coordination with rehabilitation activity, third party participation and economic development opportunities influence investment decisions. The data in this year's performance plan is based on the cumulative value of a stratified representative sample of 22 business cases over the last three years, as the starting point for this measure.

Table 7
Benefit/Cost Ratio

1998/99 to 2000/01 Target	Actual
2.0	3.29*

**The actual ratio recorded is a cumulative ratio for the fiscal years 98/99 to 00/01. Future performance will be provided on an annual basis.*

Cost Performance Index

Cost performance index is the budgeted cost of work performed compared to the actual cost of work performed. The goal is to bring projects in on budget resulting in an index of 1.0. A result greater than 1 indicates that work was completed under budget.

Table 8
Cost Performance Index

2000/01 Target	Actual
1.0	1.005

Partnerships

The BCTFA develops partnerships with other levels of government, contractors, developers and others who benefit directly from infrastructure investments.

Partnerships possess one or more of the following attributes:

- cost sharing with other levels of government;
- recovery of the costs of infrastructure for specific development opportunities through a cost sharing arrangement or a royalty arrangement based on use of the infrastructure; and
- capture of the increase in value of publicly owned lands.

These cost-recovery methods allow the BCTFA to deliver new infrastructure more cost-effectively, reducing costs to B.C. taxpayers. Reducing taxpayer costs can also be achieved using less costly delivery mechanisms for highway infrastructure. Design/build partnerships are an example of a newer delivery method that helps achieve the best value for B.C.'s transportation dollars. With this delivery arrangement, both the design and construction of highway infrastructure are combined in a single contract, which transfers some of the risk to the contractor. Design/build/develop partnerships are based on the same principle, but also allow the increased value of public land to offset project cost.

In 2000/01, expenditures on BCTFA partnership projects were $63 million, of which more than $43 million will be contributed by or recovered from other parties.

Following is a list of BCTFA projects:

Partnership projects constructed prior to 2000/01:

- **Williston Lake Ice-Breaking Log Ferry:** The BCTFA provided $9.6 million in financing to construct the ferry. The ferry was designed to eliminate environmental concerns over the booming and towing of logs. The ferry also provides improved access to First Nations communities. The loan has been fully repaid with interest.
- **Highway 99 Interchange at Furry Creek:** The BCTFA provided a $4.8 million loan guarantee to a developer to construct a grade-separated interchange on Highway 99 near Squamish. The

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Cost Performance Index

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1.0	1.005

Partnerships

BCTFA develops and delivers some transportation projects through partnerships with other parties. These partnerships are founded on capturing or recovering benefits created by new transportation infrastructure and that accrue to specific, identifiable beneficiaries. As such, the burden on provincial taxpayers is reduced. Partnerships are often put in place to support economic development opportunities or improve mobility in areas where urban growth affects highway performance.

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- **Highway 99 Interchange at Furry Creek:** The BCTFA provided a $4.8 million loan guarantee to a developer to construct a grade-separated interchange on Highway 99 near Squamish. The

developer is investing $125 million in residential units, a golf course, hotel, marina and retail/commercial complex. On site business operations are expected to create 200 full time jobs. The BCTFA earned one per cent closing fee, and is earning one and one half per cent on the outstanding loan balance. The loan guarantee is secured by development properties.

- **Mt. Washington Access Road near Courtenay:** The BCTFA funded the $14.9-million upgrading and paving of the access road to Mt. Washington Ski Resort and adjacent Strathcona Provincial Park. A surcharge on ski lift tickets to be paid to the BCTFA is to offset at least 50 per cent of the project's cost. Since the road was completed, a new $6 million hotel has been built at the resort, a $4-million high speed quad lift has been installed and new housing has been built. About 550 people are employed seasonally at the resort and new hotel.

- **Quinsam Coal Storage and Barge Facility near Campbell River:** The BCTFA invested $9 million in a facility and road near Campbell River to handle coal shipments from the Quinsam Mine. Recovery of the investment was initially through a levy on coal production, but was instead tied to the price of coal in 2000/01 as part of a restructuring agreement.

- **Highway 7 Interchange in Mission:** A $5.4-million interchange in Mission was completed with contributions totalling $3.9 million from the District of Mission and the developer of a shopping centre. The developer is investing about $65 million in commercial and retail space. Once the centre is completely built, more than 500 people are expected to be employed at the site.

- **Ballard Bus Demonstration Project in Greater Vancouver:** The BCTFA purchased $1.4 million in share warrants in Ballard Power Systems Inc. to support an $80-million demonstration of Ballard hydrogen fuel cell technology in a transit bus application in Greater Vancouver. The BCTFA has liquidated some of its warrants and received $10.7 million in proceeds. The remaining warrants held are currently valued at approximately $1.5 million.

- **Highway 3 Interchange at Castlegar:** A $5-million interchange in Castlegar was completed with $1 million being contributed by the City of Castlegar, and revenues of $1.8 million from the sale of freed up provincial land to be realized.

- **Highway 99 Interchange in Surrey:** A $10.7-million interchange in Surrey, at Highway 99 and 32nd Avenue, was completed with $4.1 million contributed by the City of Surrey. The majority of the balance was funded by the sale of freed up land to the contractor. The developer is planning to make substantial investments at the site which will also generate significant construction and employment opportunities.

- **Barnes Lake Road near Lillooet:** A $1.1-million upgrade of the Barnes Lake Road was completed, with $0.5 million contributed by the developer of a basalt mine accessed by the road. The project strengthened and widened the road to allow year-round operation. The mine developer estimates an investment of up to $30 million in the mine and plant which together will employ 60 people.

Upgrading the road between Bella Bella and the Discovery Coast ferry terminal means all-weather, year round access for the Waglisla community

Partnership projects with construction completed in 2000/01:

- **Waglisla (Bella Bella) Access Road:** Construction of a $1.6-million upgrade of the road from the Discovery Coast ferry terminal on Campbell Island to the First Nations community of Waglisla began and was completed in 2000/01. The Federal Government matched $0.8 million BCTFA project funding, and any further costs were the responsibility of the Heiltsuk Band. The improved road will accommodate more efficient goods and people movement between Waglisla and the ferry terminal. The Heiltsuk Band expects to further develop opportunities in the tourism sector, and to build a warehouse and distribution centre.

- **Ladysmith Pedestrian Underpass:** Construction was completed on a pedestrian/cyclist underpass connecting downtown Ladysmith to Transfer Beach Park. The BCTFA financed the $0.5 million underpass and loaned the Town of Ladysmith $0.1 million to purchase required property.

- **Nordel Way:** Construction was completed on a $16 million project to connect Nordel Way through both Surrey and North Delta, and give commuters and commercial drivers direct access to Highway 91 and the Alex Fraser Bridge. The BCTFA contributed $8 million to the project with Delta and Surrey contributing the balance of the project funding.

Partnership projects under construction in 2000/01:

- **Airport Connector in Richmond:** Construction of a $40-million project to improve the connection between Vancouver International Airport and Highway 99 is underway. The Vancouver International Airport Authority (VIAA) is contributing $10 million to the project and is delivering the project on behalf of the Province and VIAA.

- **Sierra Yoyo Desan Resource Road near Fort Nelson:** Work on the $12.6-million project to upgrade and maintain the resource road entered the third year of a five-year program. All project costs are being recovered from industrial users of the road and a continuing annual contribution of $0.3 million from the Ministry of Energy and Mines.

- **Upgrade of Public Roads Used by Oil and Gas Industry in Peace River Region:** As part of the Oil and Gas Initiative 2, $103 million is being spent over six years beginning in 1999/00 to improve public roads used by the oil and gas industry. The enhanced access to oil and gas resources will result in incremental royalties, bonus bid and other direct revenues to the Provincial Government estimated at $460 million, which will in part be used to offset the costs of the road improvements.

- **Highway 1 Interchange in Langley:** Work is underway on British Columbia's second design/build/develop project, a $27.9-million interchange at 200th Street and Highway 1 in Langley. The BCTFA's share of the cost is being largely offset by the sale of freed up public land, and the Township of Langley is contributing $6.9 million. The developer is planning to make substantial investments in commercial facilities which will also create significant employment opportunities.

- **Kicking Horse Mountain Resort Access Road near Golden:** Construction began on a $3.8-million road improvement leading to the Golden Peaks Ski Resort. The cost will be totally recovered through a surcharge on lift and gondola tickets. The proponent is investing a further $30 – 35 million in the resort, including the construction of hotels, condominiums and an eight passenger enclosed gondola.

- **Highway 1 Interchange near Kamloops:** Construction began on a $7.1-million grade-separated interchange and additional improvements on Highway 1 east of Kamloops. The BCTFA is investing $2 million to accelerate the project, which supports the development of a travel truck centre and industrial and residential development on adjacent lands, expected to cost about $12 million. Additional capital contributions include $0.8 million from the local municipality and $4.3 million from the developer. Construction is expected to be complete in October 2001.

- **Quinsam Coal Modifications:** Revisions were made to the existing agreement between the BCTFA and Quinsam Coal, which will help the company to improve the mine's profitability. As part of the new arrangement, financing of up to $0.17 million is being provided by BCTFA for required modifications to the coal loading facility. In addition, fees paid by Quinsam for the use of infrastructure owned by BCTFA will be tied to the price of coal, rather than being held at a fixed rate. The company has three years to pay down past amounts owing, and will not be charged further interest. In exchange, the company has issued share warrants to BCTFA.

- **HOV Lane and Transit Priority Network Development:** With an annual budget of $1 million, this program encourages development of a network of High Occupancy Vehicle (HOV) lanes and transit priority measures in Greater Vancouver. The program provides for 50/50 cost-sharing of projects with TransLink and/or municipalities in Greater Vancouver. The program represents one of the BCTFA's initiatives to encourage the use of alternative transportation modes by urban commuters as well as to provide a cost-effective means for improving mobility in the rapidly growing Greater Vancouver region. In 2000/01, grants were approved for 12 projects in total, of which nine were at the traffic impact study/functional design stage, two were at the detailed design phase, and one was in the construction phase.

Partnership projects for which construction is anticipated to begin in the near future:

- **Nisga'a Highway Extension in Nass Valley:** About $34.6 million will be spent to build a gravel, all-weather road between Greenville and Kincolith, with $17.1 million being recovered from the Federal Government and Nisga'a First Nation partners. The project has received environmental approval, and clearing of the right of way is underway. The road will provide vehicular access to a previously isolated community.

- **Traffic Management Program Pilot Project on Highway 1 in Greater Vancouver:** The main component of this $20-million project is to be delivered through a design/build/operate/transfer arrangement. It will involve deployment of sophisticated incident detection/response and

traveller information systems. Revenues to partially offset costs are expected from the sale of data and access to the fibre optic facilities required for the program. The Ministry of Transportation and Highways is delivering the program.

- **Millstream – Langford:** The BCTFA formed a partnership with the District of Langford and a private developer to facilitate the four-laning of the Millstream Connector between Goldstream Avenue and Kelly Road. The project also involves the construction of new intersections at Meaford Avenue and Attree Avenue, the construction of Attree Avenue, various sidewalk, landscaping and lighting installations and other minor area works. In exchange for the works, the developer contributed property to the project valued at approximately $3.7 million, and the District of Langford contributed approximately $0.5 million.

- **Millstream Road Connector and Extension – Colwood:** At the City of Colwood's request, BCTFA developed a partnership with the City and local developers to construct two extra lanes on Millstream Road between Kelly and Sooke Roads, and an extension of Millstream Road from Sooke Road to Latoria Road. BCTFA is financing the $4.1-million project, with cost recovery from developers and revenue from the sale of lands purchased for the project but not needed for right-of-way.

- **Tuck Inlet Road:** An $11-million upgrade is expected to commence on the road connecting the Lax Kw'alaams community with the Band-run ferry terminal at the head of Tuck Inlet near Prince Rupert. The Province is providing $5.5 million. The federal government $3.7 million and the First Nation $1.8 million for the project.

- **Port Alberni Airport Access Road:** BCTFA developed an arrangement with the Regional District of Alberni – Clayoquot (RDAC) to pave 4 kilometres of the mostly provincial gravel road adjacent to the regional airport. Paving is deemed to be essential to future economic development of the region and will support new developments at the airport. The cost is estimated at $0.4 million, with RDAC providing $0.2 million and the balance funded from existing provincial rehabilitation and maintenance funds.

- **Bridge River Safety Works:** BCTFA developed an agreement with BC Hydro to facilitate safety improvements to Road 40 ($0.5 million) and Mission Mountain Road ($0.75 million) in the Bridge River area. BC Hydro is providing the full $1.25 million.

- **Highway 1 Interchange in Abbotsford:** The BCTFA is working on an agreement with the City of Abbotsford to build a $22.1-million improvement to the Mount Lehman Interchange for which the BCTFA's share of the cost will be offset by the sale of freed up public land. The City of Abbotsford is contributing $9.2 million.

- **Stanley Park Causeway in Vancouver:** The Causeway and Georgia Street at the entrance to Stanley Park are expected to be improved under a partnership arrangement. The cost of these improvements is estimated at $10 million, with $5 million being contributed by TransLink and the City of Vancouver, and a further $2 million by ICBC.

M121

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PERFORMANCE MEASURES

Transportation Investment from Partners

The effectiveness of BCTFA partnership initiatives is measured by the annual amount of transportation infrastructure investment recovered or to be recovered from other sources (land value capture, private sector, other governments). The BCTFA has established a target of $60 million per year on average for such investment.

Table 9
Transportation Investment from Partners

2000/01 Target	Actual
$60 million	$43.7 million*

**Target was not achieved due to factors outside the control of the BCTFA. Target was based on the expectation that the federal government would provide partnership funds of up to $40 million per year. While this did not materialize, contributions from other partners and from the capture of land values has exceeded original expectations. The BCTFA will continue to seek and seize opportunities for new partnerships.*

Recovery of Financing

Performance of partnerships involving annual recoveries from beneficiaries is measured by the amount recovered each year compared to projected recoveries established at the beginning of partnerships or renegotiated in light of fundamental changes in circumstances.

The figures below cover: Mt. Washington road, Quinsam Coal access road and coal handling facility, Ballard bus demonstration project and Glintz Lake Road. Financing arrangements are structured to recover 100 per cent of financing over the life of a project or some agreed to time period. The 2000/01 target corresponds to an amount of just over $1 million.

Table 10
Recoveries

2000/01 Target	Actual
100%	70.5%*

**Recoveries are taking place at slower pace than projected due in part to the downturn in resource economies that occurred in the mid 1990s. More recent projects are expected to be recovered within projections.*

Innovation

In addition to investing the [illegible] wisely and forming cost-sharing partnerships, [illegible] ways to maximize value for investment, [illegible]. Benefits include reducing demand for vehicle capacity on roads by creating practical alternatives to single occupant commuting, taking advantage of new technologies [illegible] in urban areas better, and supporting local economies by providing [illegible].
The BCTFA has also embarked on an innovative approach to help finance infrastructure projects by generating revenues from the sale or lease of assets owned by the BCTFA.

Reducing Demand for Capacity

The BCTFA invests in HOV lanes, transit priority measures and cycling facilities in urban areas to help shift the number of people commuting by single occupant vehicle to other modes of travel. The table below shows how BC travel-to-work modes compare to other Canadian jurisdictions.

Table 11
Provincial and National Comparison of Mode of Travel to Work

	B.C.	Alta.	Ont.	Canada
Vehicle Driver	74 %	76 %	72 %	73 %
Vehicle Passenger	7 %	7 %	8 %	7 %
Public Transit	9 %	8 %	12 %	10 %
Walk	7 %	5 %	6 %	7 %
Bicycle	2 %	1 %	1 %	1 %
Other	1 %	–	1 %	2 %

High Occupancy Vehicle Facilities

High occupancy vehicle (HOV) networks reduce congestion by encouraging more people to travel in fewer vehicles, especially when used with other traffic reduction strategies. HOV networks focus on moving people, rather than vehicles, reducing the growth of the number of cars on the road, allowing smoother traffic flows and postponing the need for larger capital investments to add additional capacity. These networks include traffic lanes for exclusive use by HOVs, queue jumpers at bridges and tunnels to prevent HOVs from being caught in line-ups, and bus-activated signals to help bus drivers control how quickly they get through intersections. Ride-matching services, improved transit service, and employer and incentive programs also encourage HOV use.

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Innovation

In addition to meeting the objectives of maintaining infrastructure in good condition, investing wisely and forming cost-sharing partnerships, the BCTFA is always looking for innovative ways to maximize value for investment, generating as many benefits as possible for dollars invested. Benefits include reducing demand for vehicle capacity on roads by creating practical alternatives to single occupant commuting, taking advantage of new technologies to manage traffic in urban areas better, and supporting local economies by providing jobs and training opportunities. The BCTFA has also embarked on an innovative approach to help finance infrastructure projects by generating revenues from the sale or lease of assets owned by the BCTFA.

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Other	1 %	-	1 %	2 %

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In the Lower Mainland, the BCTFA and local governments have drafted an HOV network plan for the region. Potential HOV lanes and queue jumpers for major provincial highways and provincial and municipal arterial routes in Greater Vancouver have been identified. A number of HOV lanes and transit priority initiatives have already been implemented in the Lower Mainland.

HOV networks may also be helpful in the Greater Victoria and Okanagan regions. The Province will explore this with local governments. To leverage investment in HOV/Transit Priority projects, the BCTFA will fund 100 per cent of costs for roads under provincial jurisdiction and 50% of costs of projects under municipal/regional jurisdiction, exclusive of property. For 2000/01, BCTFA allocated up to $0.814 million for HOV/Transit Priority projects on TransLink and municipal roads in Greater Vancouver and on the Trans Canada Highway/Douglas Street corridor in Greater Victoria through its HOV/Transit Priority Program.

The BCTFA is also investing in an extension of the east-bound Trans Canada Highway HOV lane across the Port Mann Bridge to 152nd Street in Surrey in the Lower Mainland. Completion is expected in June of 2001.

Cycling Networks

The BCTFA established the Cycling Network Program (CNP) in 1995 to encourage transportation cycling to work, school and shopping by accelerating the development of cycling infrastructure throughout the province and support the efficient movement of people and goods by providing transportation alternatives to the single occupant vehicle.

During 2000/01, the BCTFA approved $1.7 million for 44 projects in 27 communities. Highlights included: a $0.2-million grant was provided for the $0.93-million restoration of the Blenkinsop Bridge, in Saanich. The bridge, which was opened in September 2000, completes the connection between the Lochside trail and the rest of the 100-kilometre Galloping Goose trail system on south Vancouver Island.

Traffic Management Program

A $20.5-million investment to alleviate traffic congestion on Hwy 1 between Lynn Valley Road in North Vancouver and 160th Street in Surrey, the Traffic Management Program (TMP) uses intelligent traffic system technology – including video monitoring, internet traveller information systems and telecommunication networks – to save travel time, reduce accidents and lower air emissions. This four-year pilot program is expected to be operational by 2003. Revenues to partially offset costs are expected from the sale of data and access to the fibre optic facilities required for the project. Revenues of $300,000 per year are projected.

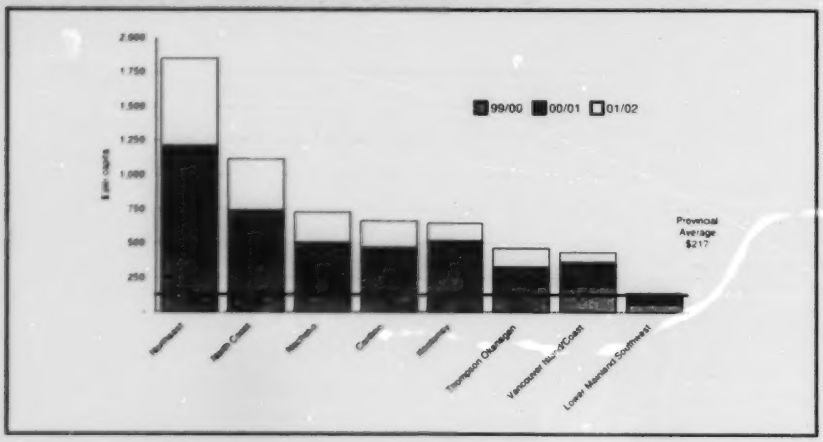
Construction of the Blenkinsop Bridge and its approaches was assisted by CNP funding

Maximizing Benefits of Highway Capital Investment

The BCTFA's innovative role in maximizing economic and social benefits of capital highway investments involves not only direct job creation from capital investment, but also specific action to ensure local and equity hiring. Based on a B.C. Input/Output Model, the 2000/01 capital plan was estimated to have created 2981 direct jobs (defined as those resulting directly from capital plan expenditures).

The BCTFA's highway capital investments are distributed regionally, ensuring that investment benefits are achieved throughout the province. The table below shows levels of employment-generating investment by region.

Figure 1
Cumulative Per Capita Investment by Economic Development Region



In addition to the number of direct jobs created through highway capital investment, the BCTFA takes specific action to ensure the benefits of major highway investment remain in the communities where investments are being made. Through Highway Constructors Ltd. (HCL), a wholly owned subsidiary, the BCTFA promotes local hiring, as well as equity training and hiring. Under project agreements, HCL is the employer for construction labour on all provincial transportation projects with a provincial government investment of more than $30 million, including the Skytrain extension project in the Lower Mainland. HCL employs well-qualified local workers, and where possible, these workers are from groups traditionally under-represented in the transportation construction industry: women, First Nations people, other visible minorities, people with physical disabilities and youth.

New Approach to Generating Revenues

Maximizing both the value of and return from public land holdings is another element of the BCTFA's plan to reduce the share of transportation infrastructure costs financed by British Columbia taxpayers. This is accomplished through the BCTFA's self-financing Land Management Branch established in 1999.

As the owner of provincial highway assets, managing land and land-based resources is part of the BCTFA's mandate. Highway and adjacent land assets worth $6.1 billion are owned by the BCTFA. Through both the *Build BC Act* and the *Budget Measures Implementation Act*, the BCTFA is authorized to hold, maintain and dispose of property.

Net revenues earned by the Land Management Branch are used to finance transportation investments, helping to offset the need for additional dedicated tax revenues. The Branch manages BCTFA land holdings and administers land dispositions undertaken as part of the development of transportation infrastructure projects. The Branch manages land holdings to ensure optimal returns from all real estate holdings by obtaining market value for lease and rental income on holding properties and when surplus lands are sold. The Land Management Branch also advises infrastructure project teams on land acquisitions and looks for innovative opportunities to maximize revenue potential from surplus lands.

The Land Management Branch is developing its programs using an approach that anticipates generating revenues by negotiating multiple use on rights-of-way. These multiple uses could include using transportation corridors for commercial utilities, such as fibre optic cables, to open up opportunities for telecommuting.

PERFORMANCE MEASURES

The BCTFA's innovations will be measured against a range of criteria specifically related to the type of innovation including:

- HOV lane use;
- Cycling network development to determine the effectiveness of efforts to reduce demand for capacity;
- Local employment and equity achievements to measure maximization of benefits of highway capital investment; and
- Land revenues to measure effectiveness at generating revenues.

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Vehicle Occupancy Measures

The BCTFA is measuring the performance of HOV facilities by tracking average vehicle occupancy (AVO) [illegible] compliance with occupancy rules on the overall network. Data [illegible]

Comparison data for the Trans-Canada Highway HOV lanes was collected primarily in September 1997 and September 1999, before and after the HOV lanes were installed. On the Barnet-Hastings HOV corridor, this data was collected primarily in March 1996 and October 1997. The Barnet-Hastings HOV lane is now part of TransLink's HOV network.

Post-installation data for the Highway 17/99 Bus Lane to 3+ HOV lane Conversion Project will be collected in Spring 2001, and will be included in HOV Network Performance Measures in fiscal 2002/03. Data for the Willingdon Bus Lane Project will be collected in 2001/02, and will be included in HOV Network Performance Measures in fiscal 2002/03 or 2003/04, depending on availability.

Compliance for Trans Canada HOV lanes is above 85% while compliance for Barnet-Hastings HOV lanes is below 85%.

Table 12
Vehicle Occupancy and Compliance Measures for all HOV Network Projects

Project	Performance Measure	Before	After	% Change	Targets
All HOV Network Projects	Increased people movement in the a.m. peak period and direction.	AVO = 1.17	AVO = 1.22	3.73	By 2008, AVO = 1.28
All HOV Network Projects	Increased people movement (average vehicle occupancy) in the a.m. peak period and direction.	AVO = 1.23	AVO = 1.27	3.82	By 2008, AVO = 1.35
All HOV Network Projects	Compliance on overall network.	n/a	87%	n/a	85%

Vehicle Occupancy Measure

The BCTFA is measuring the performance of investments made in HOV facilities by tracking average vehicle occupancy (AVO) during peak periods and compliance with occupancy rules on the overall network. Data covers Trans-Canada Highway HOV lanes and the Barnet-Hastings HOV lanes. Comparison data for the Trans-Canada Highway was collected primarily in September 1997 and September 1999, before and after the HOV lanes were installed. On the Barnet-Hastings HOV corridor, this data was collected primarily in March 1996 and October 1997. The Barnet-Hastings HOV lane is now part of TransLink Major Road Network.

Post-installation data for the Highway 17/99 Bus Lane to 3+ HOV lane Conversion Project will be collected in Spring 2001, and will be included in HOV Network Performance Measures in fiscal 2002/03. Data for the Willingdon Bus Lane Project will be collected in 2001/02, and will be included in HOV Network Performance Measures in fiscal 2002/03 or 2003/04, depending on availability.

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All HOV Network Projects	Compliance on overall network.	n/a	87%	n/a	85%

2000/01 Target	Actual
N/A	46

Employment Equity

Employment equity for HCL projects is tracked by measuring the number of employees in equity groups as a percent of the total HCL workforce. HCL has significantly increased the participation of those from under-represented groups in the transportation construction industry.

Table 14
Average Percentage of HCL Employees from Equity Groups

2000/01 Target	1999/00 Actual	2000/01 Actual
To increase equity participation to the extent possible on an annual basis using previous year achievement as target to beat	15.6%	18.7

2000/01 Target 1999/00 Actual 2000/01 Actual

Employment Training Measures

Training is measured by the number of trainees earning less than the full wage of a journeyperson on HCL projects. Future HCL training opportunities exist in direct proportion to major project funding and the availability of a trained workforce.

Table 15
Number of HCL Trainees

2000/01 Target	Actual
N/A*	536

**The number of trainees is down slightly from 567 in 1999/00. The BCTFA expects the number of trainees to go down as major HCL projects are completed and as trainees remain in the workforce, but will pursue innovative ways of maintaining its ability to train new employees.*

[illegible] on the number of HCL employees hired for construction labour within [illegible] The following table shows local hire percentages across the province.

Table 16
Province-Wide Local HCL Hiring Rates

2000/01 Target	Actual
90%	97%*

**The percentage of local hires exceeded the target and rose from 91% in 1999/00.*

Land Revenues

The BCTFA Land Unit was established in 1998, and efforts initially focussed on property sales. Efforts have now shifted to a balance between sales, leasing and licensing in order to reduce dependence on the more volatile sales revenues. Land revenues are measured by the total net revenues from sales, leasing and licensing.

Table 17
Land Revenues ($000's)

2000/01 Target	Actual
$3,600	$3,485

Cycling Network Development

Over the past six years, 300 kilometres of cycling paths have been constructed by communities across B.C. under the Cycling Network Program. The goal in future years is to continue that pace of construction. There are now 68 communities that have developed cycling networks and applied for funding.

Table 13
Cycling Network Facilities Built

2000/01 Target	Actual
N/A	46

Employment Equity

Employment equity for HCL projects is tracked by measuring the number of employees in equity groups as a per cent of the total HCL workforce. HCL has significantly increased the participation of those from under-represented groups in the transportation construction industry.

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2000/01 Target	1999/00 Actual	2000/01 Actual
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Local Hires

Local hire rates are based on the number of HCL employees hired for construction labour within 100 km of job sites. The following table shows local hire percentages across the province.

Table 16
Province-Wide Local HCL Hiring Rates

2000/01 Target	Actual
90%	97%*

**The percentage of local hires exceeded the target and rose from 91% in 1999/00.*

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The BCTFA Land Unit was established in 1998, and efforts initially focussed on property sales. Efforts have now shifted to a balance between sales, leasing and licensing in order to reduce dependence on the more volatile sales revenues. Land revenues are measured by the total net revenues from sales, leasing and licensing.

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Management Discussion & Analysis

OPERATING ENVIRONMENT

The key factors driving the need for transportation capital include: ageing infrastructure; growing population; land use pressures; economic growth and diversification; competition from US export corridors and gateways; and public expectations and perceptions regarding safety and reliability.

At the same time, several factors constrain the provincial resources required to address these needs: competing spending priorities; limited tax revenue; limits on debt; competing regional needs, and public expectation that spending should be curtailed.

Since its inception, the BCTFA has worked diligently to meet the challenges presented by this situation by reducing transportation demand through encouraging alternative modes; integrating land use and transportation planning; leveraging technology; protecting current assets; and increasing resources by partnering with others to share costs, recovering from beneficiaries, and capturing land value (In 2000/01, the BCTFA was owner of all provincial highway assets including rights of way and other land assets).

There has also been a demonstrated need and call for effective project justification and management as seen in both the Capital Review of 1999 and Commissioner Douglas MacKay's 1987 report, *"Inquiry into the Coquihalla and Related Highway Projects."* Essentially both of these independent reviews of major capital project delivery recommended:

- a disciplined evaluation process for new capital projects of financial significance, including the development of rigorously-prepared business cases, prior to approval of a project;
- more rigorous project control procedures documenting formally approved scope, schedule and budget parameters; and
- a requirement for timely and accurate cost-reporting.

The BCTFA has instituted a number of measures to ensure good project management. Specifically, the BCTFA has established:

- business case requirements to justify projects
- program strategies for rehabilitation measures
- phased approvals for projects to ensure they remain within acceptable parameters
- value analysis and engineering requirements to minimise project costs
- project funding agreements to clearly establish project scope, budget and schedule parameters
- regular, standardized reporting on project status vis-à-vis funding agreement parameters; and
- regular management review of project status and expedited corrective action, if necessary.

So far, the BCTFA has achieved tangible results from its work:

- land revenues of $19 million to March 31/01 to help offset infrastructure costs
- cost containment of about $100 million is estimated to have been saved through Value Analysis/Engineering
- development of Bicycle Network Plans in 55 communities and 300 km of new cycling infrastructure built through 200+ projects, resulting in 244% increase in usage
- support for regional airports through capital assistance to 70+ small airports, providing basic air access for Medevac, resource protection, and policing
- providing training and employment opportunities through achieving 92% local hire on HCL projects; 20% of workforce from traditionally under-represented groups on HCL projects versus 2-4% in road construction industry elsewhere.

Progress specific to the 2000/01 fiscal year included:

- Initiation of a review of the Value Analysis and Value Engineering processes used in assessing highway projects. The objective of the review was to measure compliance to existing policies and to assess ways for improving upon efforts to maximize value for money spent on highway improvements. This review involved an assessment of 21 value review reports, interviews with Project Managers, Value Facilitators, Owner Representatives, MoTH and BCTFA Executive. A final report of review findings is anticipated in 2001/02.

- Development of a provincial database of proposed highway improvement projects (approximately 400 projects each exceeding $1.0 million cost). Methodologies for ranking project proposals are founded on accepted linear programming principles giving consideration to multiple accounts including safety, mobility, reliability, condition, social and environmental impacts.

- Participation in the development of an on-line Project Management Manual for Ministry of Transportation and Highways staff, with whom the Division works closely. This emphasized the existing project delivery lifecycle; planning & evaluation, design & engineering, and property acquisition & construction. The BCTFA continues to emphasize completion of Business Cases and Value Engineering reviews during each of these phases of the delivery lifecycle to ensure maximum value for money spent on improvements.

- Establishing an internal process for initiating partnership projects. The new process streamlines approvals and allows projects to proceed in a more timely manner. Through its process reviews, the BCTFA was also able to achieve a state where appropriate levels

of due diligence can be applied to projects prior to Treasury Board review, allowing them to become part of the capital planning process earlier and proceed in a more timely manner. In particular, this allows smaller projects that support economic development to be considered in current capital plans rather than in future plans.

- To improve performance on its acquisition, management and sale of holdings, the BCTFA's Land Unit strengthened its asset identification and documentation process for raising title of highway rights-of-way, has enhanced its business case model for early acquisition of land (for corridor protection); and initiated work to make better use of the province's Geographic Information Systems (GIS) data to better identify saleable parcels of surplus land being held by the BCTFA.

- The Land Unit also established a negotiable market-based fee structure for the use of taxpayer funded highway rights-of-way by non-regulated utilities such as the telecommunications industry. Regulated utilities continue to have no-fee use of rights-of-way as they do not generate profits from its use as do non-regulated companies.

- The BCTFA improved the efficiency of its cycling network program through a program review and established capital and grant project audits.

- In keeping with its mandate to support the strategic plans of regional governments the BCTFA also continued to explore opportunities throughout the province to address changes to funding and governance.

Operations and Changes in Financial Condition

During the fiscal year 2000/01 the BCTFA invested $484.5 million on capital assets, financed by $394.1 million in borrowing and the balance from working capital. $357.1 million of capital assets were completed and put into service.

Interest and amortization costs were up 44% and 40% respectively over the previous fiscal year, reflecting the increase in assets in-service. These increases were partially offset by an increase in fuel taxes dedicated to BCTFA of 1/4 cent per litre effective April 1, 2000, with the remainder flowing to the bottom line for a $21.5-million reduction in earnings from operations.

Construction labour provided to the SkyTrain extension project was up significantly, from $26.6 million in 1999/00 to $80.6 million this year. Labour costs are recovered from contractors.

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FINANCIAL AND OPERATING STATISTICS

Capital Plan

The BCTFA has developed a long-term rolling capital plan comprised of specific programs that are intended to maintain and improve the performance of B.C.'s highway system. The long-term plan involves investing strategically, addressing the most pressing needs in timely way, while assessing future needs and allocating notional funds accordingly. In a time of constrained infrastructure funding, the long-term plan anticipates likely funding levels and ensures that allocations can be sustained.

Program area	1996/97 ($ 000s)	1997/98 ($ 000s)	1998/99 ($ 000s)	1999/00 ($ 000s)	2000/01 ($ 000s)
Priority Corridor Program	219,943	158,755	143,436	180,073	121,344
Preservation & Replacement Program		23,882	149,040	149,319	144,400
Lower Mainland Congestion Relief Program	94.290	57.310	48,954	80,211	97,618
Major Highway Performance Sustaining Program	30,072	13,362	24,526	65,299	53,200
Minor Capital Improvement Program					11,170
Oil & Gas Initiative Program				3	20,000
Economic Development	14.610	3,341	12,132	1,302	9,156
Newly Incorporated Territories Program		.919	.914	3.130	3.904
Regional Road Network Program				4.235	3.765
Strategic Planning Fund	.628	2.462	1.994	1.822	1.995
Cycling Network Program	2.405	1.045	1.890	1.591	1.655
Air Transport Assistance Program	1.537	1.657	.990	.900	.827
Infrastructure Works Program		1.419	7.567	6.628	.533
HOV/Transit Priority Program				.820	.460
Trans Canada Trail				.120	1,414

FINANCIAL AND OPERATING STATISTICS

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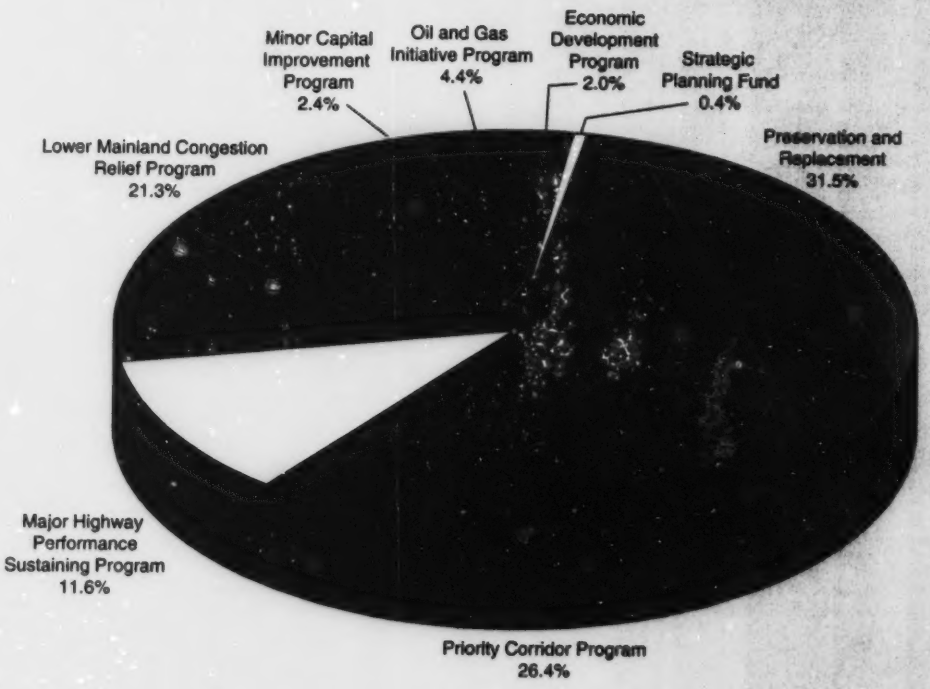
HOV/Transit Priority Program				.820	.460
Trans Canada Trail				.120	1,414

Operating Budget

The BCTFA operates in an environment that attempts to keep operating costs relatively steady over the long term. However, where justified by significant changes in business, some increases in operating costs will occur.

Revenues	**1996/97** ($ 000s)	**1997/98** ($ 000s)	**1998/99** ($ 000s)	**1999/00** ($ 000s)	**2000/01** ($ 000s)
Dedicated taxes	62,516	117,543	123,709	177,157	199,541
Other	2,049	13,107	2,593	4,483	4,309
Total Revenues	64,565	130,650	126,302	181,640	203,850
Expenditures					
Operations					
Grant programs	3,953	5,107	11,461	17,539	11,435
Transportation planning		2,462	1,994	1,822	1,995
Training programs	208	98	55	54	14
Gen. and Admin. expenses					
Min. of Transportation and Highways services	16,500	16,500	16,700	18,700	18,700
Operating expenses	4,958	4,160	5,339	5,375	6,500
Amortization	4,240	13,956	32,058	41,671	58,227
Interest *(Note 14)*	9,420	27,688	68,130	73,760	106,290
Write down of project costs		4,272	14,117	497	-
Total Expenditures	39,279	74,243	149,854	159,418	203,161
Earnings from Operations	25,286	56,407	(23,552)	22,222	689
Transfer of Highways			(90,713)		
Flood Repair Program		(4,804)			
Net earnings (loss)	25,286	51,603	(114,265)	22,222	689

2000/2001 Capital Plan (By Program)


Minor Capital Improvement Program 2.4%
Oil and Gas Initiative Program 4.4%
Economic Development Program 2.0%
Strategic Planning Fund 0.4%
Lower Mainland Congestion Relief Program 21.3%
Preservation and Replacement 31.5%
Major Highway Performance Sustaining Program 11.6%
Priority Corridor Program 26.4%

- Preservation and Replacement ($144.4 Million)
- Priority Corridor Program ($121.3 Million)
- Major Highway Performance Sustaining Program ($53.2 Million)
- Lower Mainland Congestion Relief Program ($97.6 Million)
- Minor Capital Improvement Program ($11.2 Million)
- Oil and Gas Initiative Program ($20.0 Million)
- Economic Development Program ($9.2 Million)
- Strategic Planning Fund ($2.0 Million)

Financial Report

Report of the Auditor General of British Columbia

To the Chair of the Board of Directors of the BC Transportation Financing Authority, and

To the Minister of Transportation, Province of British Columbia:

I have audited the consolidated balance sheet of *BC Transportation Financing Authority* as at March 31, 2001 and the consolidated statements of earnings and retained earnings and of cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of *BC Transportation Financing Authority* as at March 31, 2001 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Wayne Strelioff

Victoria, British Columbia
May 18, 2001
except for Note 19 which is as of June 25, 2001

Wayne Strelioff, CA
Auditor General

Consolidated Financial Statements

Year ended March 31, 2001

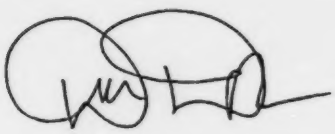
MANAGEMENT REPORT

The consolidated financial statements of the BC Transportation Financing Authority have been prepared by management in accordance with Canadian generally accepted accounting principles.

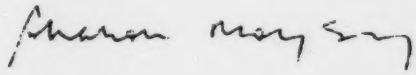
Management is responsible for the preparation of the financial statements and has established a system of internal control to provide reasonable assurance that assets are safeguarded, transactions are properly authorized, and financial records provide reliable information for the preparation of financial statements.

The Board of Directors is responsible for the review and approval of the financial statements and meets with management and the external auditor to discuss the results of the audit examination and financial reporting matters. The external auditor has full access to the Board of Directors with and without the presence of management.

The Auditor General of British Columbia has performed an independent audit of the financial statements. The Auditor's report outlines the scope of his examination and expresses an opinion on the financial statements of the BC Transportation Financing Authority.



Dan Doyle
President and Chief Executive Officer



Sharon Moysey
Executive Director
Management Services and
Corporate Secretary

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Consolidated Balance Sheet

As at March 31

	2001 ($ 000s)	2000 ($ 000s)
Assets		
Current assets		
Cash and temporary investments	7,433	17,019
Marketable securities *(Note 2)*	317	88
Accounts receivable	25,651	26,894
	33,401	44,001
Corridor protection *(Note 3)*	34,123	34,123
Capital assets *(Note 4)*	6,079,488	5,842,908
Other assets *(Note 5)*	10,564	8,688
	6,157,576	5,929,720
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	133,719	101,067
Interest payable	32,230	27,324
	165,949	128,391
Capital debt net of sinking funds *(Note 6)*	2,196,120	1,836,651
Deferred capital contributions *(Note 7)*	3,177,847	3,347,707
	5,539,916	5,312,749
Equity		
Retained earnings	97,326	96,637
Contributed surplus *(Note 7)*	520,334	520,334
	617,660	616,971
	6,157,576	5,929,720

Commitments *(Note 17)*
Contingencies *(Note 18)*

The accompanying notes are an integral part of these financial statements.

On behalf of the Board:

Judith Reid

Chair

Consolidated Statement of Earnings and Retained Earnings

Year ended March 31	2001 ($ 000s)	2000 ($ 000s)
Revenues		
Dedicated taxes *(Note 8)*	199,541	177,157
Amortization of deferred contributions *(Note 7)*	189,718	189,690
Contractors' fees *(Note 9)*	80,568	26,568
Other *(Note 10)*	6,639	6,974
	476,466	400,389
Expenditures		
Operations		
Construction wages and benefits *(Note 9)*	80,568	26,568
Grant programs *(Note 12)*	11,435	17,539
Sierra Yoyo Desan road improvements *(Note 11)*	2,330	2,491
Transportation planning	1,995	1,822
Training programs	14	54
General and administrative expenses		
Ministry of Transportation and Highways services *(Note 13)*	18,700	18,700
Salaries and benefits	3,643	3,025
Professional services	1,417	1,252
Office	802	488
Rent	359	370
Travel	279	240
Amortization	247,945	231,361
Interest *(Note 14)*	106,290	73,760
Write down of project costs	-	497
	475,777	378,167
Earnings from operations	689	22,222
Retained earnings, beginning of year	96,637	74,415
Retained earnings, end of year	97,326	96,637

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Retained earnings, end of year	97,326	96,637

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Cash Flows

Year ended March 31	2007 ($ 000s)	2006 ($ 000s)
Cash flows from operating activities		
Earnings from operations	689	22,222
Amortization	247,945	231,631
Deferred capital contributions	(189,718)	(189,690)
Changes in non-cash operating working capital	(11,662)	17,106
	47,254	81,269
Cash flows from financing activities		
Increase in capital debt – borrowings	394,123	434,227
Change in payables related to capital infrastructure	50,235	(3,095)
Additions to deferred capital contributions	19,858	186
Contribution to sinking funds	(34,655)	(22,024)
Change in debt issue costs	(1,876)	(4,594)
	427,685	404,700
Cash flows used in investing activities		
Additions to capital assets	(484,525)	(479,277)
Net (decrease) increase in cash and temporary investments	(9,586)	6,692
Cash and temporary investments, beginning of year	17,019	10,327
Cash and temporary investments, end of year *(Note 15)*	7,433	17,019

The accompanying notes are an integral part of these financial statements.

Notes to Consolidated Financial Statements

Year ended March 31, 2001

BC Transportation Financing Authority (BCTFA), established in 1993 as a Crown Corporation of the Province of British Columbia by the enactment of the Build BC Act, has a mandate to plan, acquire, construct, hold and improve transportation infrastructure throughout British Columbia. As a government enterprise, BCTFA co-ordinates the planning and implementation of transportation infrastructure in British Columbia and uses dedicated tax revenue, project revenue and miscellaneous revenue for the financing of infrastructure projects.

BCTFA owns all provincial highways, one inland ferry and lands held for future highway development. Administration, regulatory responsibility and operational authority for management of the highways, as set out in the Highway Act, are the responsibility of the Minister and the Ministry of Transportation and Highways.

Highway Constructors Ltd. (HCL), a wholly owned subsidiary, was formed to provide the labour force and labour relations structure for contractors working on major transportation infrastructure projects. During the year ended March 31, 2001, HCL provided the labour force to the following projects: Vancouver Island Highway Project; Lions Gate Bridge Rehabilitation, Port Mann Bridge, and Rapid Transit Project 2000 Ltd. in the lower mainland; Highway 1: Cache Creek to the Rockies in the interior; John Hart Bridge in Prince George; and the Nisga'a Highway Improvement Project in the Nass Valley.

1. Significant accounting policies:

a) Basis of presentation:

As prescribed by Section 18(8) of the Build BC Act, the consolidated financial statements of BCTFA are prepared in accordance with Canadian generally accepted accounting principles.

b) Principles of consolidation:

The consolidated financial statements include the assets, liabilities and operating results of BCTFA and its wholly owned subsidiary, HCL. Inter-company accounts and transactions are eliminated. General and administrative costs of HCL that relate directly to the provision of labour and associated services of BCTFA projects are capitalized as part of the cost of constructing the related infrastructure.

Consolidated Statement of Cash Flows

Year ended March 31	2001 ($ 000s)	2000 ($ 000s)
Cash flows from operating activities		
Earnings from operations	689	22,222
Amortization	247,945	231,631
Deferred capital contributions	(189,718)	(189,690)
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c) Temporary investments and marketable securities:

Temporary investments and marketable securities are carried at the lower of cost and

d) Corridor protection:

Corridor protection properties are stated at cost. These properties are held for future highway development. The cost of these properties will become part of work in progress when the applicable projects commence.

e) Capital assets:

Land is stated at cost.

Work in progress consists of direct project expenditures and related financing costs. Capitalization of interest during construction ceases at the end of the year when a project is substantially complete and ready to use. Project costs are written down in the year it is determined no tangible asset will result.

Highway infrastructure transferred from the Province of British Columbia is recorded at net book value and, where necessary, estimates were used.

Completed infrastructure, office equipment and leasehold improvements are stated at cost. Assets are amortized on a straight-line basis over their estimated useful lives, as follows:

Asset	Useful Life
Completed infrastructure	
– surfacing, safety improvements, and equipment	15 years
– all other completed infrastructure costs (excluding land)	40 years
Office equipment and leasehold improvements	5 years

f) **Deferred capital contributions:**

Deferred capital contributions include the offset for the highway infrastructure transferred to the BCTFA from the Province of British Columbia and other capital contributions received from outside agencies. These contributions are amortized to income at the same rate as the related highway infrastructure is amortized to expense.

g) **Federal and provincial taxes:**

Both the BCTFA and HCL are exempt from corporate income taxes. HCL is subject to the Goods and Services Tax.

h) Bond discounts, premiums and issue costs:

Bond discounts and premiums are amortized using the effective yield method over the term of the related debt. Fiscal agency fees are expensed in the year incurred. Other issue costs are deferred and written off on a straight-line basis over the term of the related debt.

i) Related party transactions:

The BCTFA is related through common ownership to all Province of British Columbia ministries, agencies and crown corporations. Transactions with these entities, unless disclosed separately in these financial statements, are generally considered to be in the normal course of operations, and are recorded at the exchange amount.

j) Use of estimates:

The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements.

2. Marketable securities:

During the 2000/01 fiscal year, BCTFA converted its share purchase warrants in Ballard Power Systems Inc. to 33,000 shares. 4,750 of these shares were sold for a gain on sale of $0.2 million. This BCTFA investment is part of the Ballard Power Systems Inc. and Province of BC Fuel Cell Program Agreement. Market value of the remaining 28,250 shares at March 31, 2001 - $1.7 million. (2000 - $3.4 million)

3. Corridor protection:

A fund has been established to support the acquisition of properties in advance of need as part of a corridor protection strategy.

($ 000s)	2001	2000
Cash	4,006	4,006
Properties - Purchased by BCTFA	5,624	5,624
Properties - Transferred from the Province	24,493	24,493
	34,123	34,123

c) Temporary investments and marketable securities:

Temporary investments and marketable securities are carried at the lower of cost and fair market value.

d) Corridor protection:

Corridor protection properties are stated at cost. These properties are held for future highway development. The cost of these properties will become part of work in progress when the applicable projects commence.

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Properties - Transferred from the Province	24,493	24,493
	34,123	34,123

4. Capital assets:

($ 000s)	Cost	Accumulated Amortization	2000 Net Book Value	1999 Net Book Value
Land	781,824		781,824	773,190
Work in progress	374,554		374,554	255,823
Completed infrastructure	5,447,627	(524,976)	4,922,651	4,813,302
Office equipment and leasehold improvements	1,689	(1,230)	459	593
	6,605,694	(526,206)	6,079,488	5,842,908

5. Other Assets:

($ 000s)	Opening Balance	Additions	Amortization	Closing Balance
Debt issue Costs	8,688	2,315	(439)	10,564
Total Issue Costs	8,688	2,315	(439)	10,564

6. Capital debt and sinking fund:

($ 000s)	2001	2000
Bonds and notes payable to the Province of British Columbia		
Fixed-rate debt:		
Various issues at an average effective interest rate of 6.352% (2000 – 6.543%) maturing at various times to 2039.	1,649,315	1,316,779
Variable-rate debt:		
Various issues at an average effective interest rate of 5.468% (2000 – 5.175%), maturing at various times to 2027.	630,980	569,393
	2,280,295	1,886,172
Sinking funds on deposit with the Province of British Columbia	(84,175)	(49,521)
Net capital debt	2,196,120	1,836,651

At March 31, 2001, the coupon rates on fixed-rate debt ranged from 5.70% to 9.50% (2000 – 5.75% to 9.50%). All foreign currency debt has been swapped to Canadian dollars.

Sinking funds are established to retire debt. Projected sinking fund contributions for each of the next five years are (in $000s):

2002	$42,399
2003	$53,009
2004	$61,970
2005	$69,878
2006	$78,387

The Minister of Finance and Corporate Relations is the fiscal agent of the BCTFA. Debt borrowed through the provincial government's fiscal agency program carries a provincial guarantee.

Pursuant to Section 23(1) of the *Build BC Act*, BCTFA may borrow the sums of money considered necessary to carry out its mandate. At March 31, 2001, the BCTFA was authorized to borrow up to $2,351 million, net of sinking funds.

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7. Deferred Capital Contributions:

Deferred capital contributions consist of the offset for highway assets transferred from the Province and value received from outside agencies for infrastructure projects. Contributions are deferred and amortized to income at the same rate as the related infrastructure is amortized to expense. The offset for contributions related to land is not amortized and is stated as contributed surplus.

($ 000s)	Opening Balance	Additions/ (Disposal)	Amortization	Closing Balance
Deferred Capital Contributions	3,347,707	19,858	(189,718)	3,177,847
Contributed Surplus	520,334	-	-	520,334
Total Contributions	3,868,041	19,858	(189,718)	3,698,181
Consisting of:				
Provincial government	3,854,607	-	(189,434)	3,665,173
Federal government	11,944	2,809	-	14,753
Municipal governments	1,405	6,016	(284)	7,137
Other	85	11,033	-	11,118
	3,868,041	19,858	(189,718)	3,698,181

8. Dedicated taxes:

Under the Build BC Act, the Province of British Columbia collects gasoline and motor fuel taxes on behalf of BCTFA under Section 13 of the Motor Fuel Tax Act (3.25 cents per litre), and car rental taxes under Section 26 of the Social Services Tax Act ($1.50 per car rental day).

($ 000s)	2001	2000
Tax revenues earned:		
Motor Fuel Tax Act	188,541	166,157
Social Services Tax Act	11,000	11,000
	199,541	177,157

9. HCL operations:

HCL is the employer of the construction labour force on various transportation infrastructure projects. HCL recovers its construction labour costs from the construction contractors. Payments and recoveries in the year ended March 31, 2001 were $123.6 million (2000 - $60.7 million), made up of $80.6 million from contractors for non- BCTFA projects (Rapid Transit Project 2000 Ltd.) and $43.0 million from contractors on BCTFA projects. Construction labour costs on BCTFA projects are capitalized as part of the cost of constructing the related infrastructure.

10. Other revenue:

($ 000s)	2001	2000
Economic development projects	843	644
Properties	2,435	3,485
Sierra Yoyo Desan road tolls (Note 11)	2,330	2,491
Other	1,031	354
	6,639	6,974

11. Sierra Yoyo Desan Road:

In 1998, BCTFA entered into a 5 year contract with Walter Construction (Canada) Ltd. for improvements to the Sierra Yoyo Desan Road, an industrial access road in north-eastern BC primarily serving petroleum, forest and pipeline companies. Costs are recovered from an annual contribution by the Ministry of Energy and Mines and from tolls levied on industrial users. Recovered costs are included in Other Revenue.

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Deferred capital contributions consist of the offset for highway assets transferred from the Province and value received from outside agencies for infrastructure projects. Contributions are deferred and amortized to income at the same rate as the related infrastructure is amortized to expense. The offset for contributions related to land is not amortized and is stated as contributed surplus.

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Application-driven programs -

- Air Transport Assistance Program - capital works at community airports.
- Cycling Network Program - municipal and provincial cycling infrastructure.
- Local Roads components of the Infrastructure Works Program - capital works on local roads.
- Newly Incorporated Territory Program - road improvements to fulfil outstanding commitments under the former provincial Incorporation Assistance Program.

Other contributions -

- Alternative Transportation Program - grants to third parties to encourage the development and use of alternative transportation modes.
- HOV/Transit Priority Program – cost-sharing with municipal and regional governments to leverage higher vehicle occupancy and transit use.
- Regional Road Network Program – cost-sharing with municipal and regional governments for improvements to public roads, not operated by the province, that offer significant benefits to the provincial transportation system.
- Trans Canada Trail Initiative - improvements to key bridges and trestles and trail mitigation measures along the 1,750 kilometre route in B.C.

($ 000s)	2001	2000
Air Transport Assistance Program	827	900
Alternative Transportation Program	-	115
Cycling Network Program	1,655	1,591
HOV/Transit Priority Program	460	820
Infrastructure Works Program	533	6,628
Newly Incorporated Territory Program	3,904	3,130
Regional Road Network Program	3,765	4,235
Trans Canada Trail Initiative	291	120
	11,435	17,539

13. Ministry of Transportation and Highways services:

In 2001, $18.7 million (2000 - $18.7 million) was paid to the Ministry of Transportation and Highways for general services not specifically attributable to individual capital construction projects.

14. Interest expense:

($ 000s)	2001	2000
Interest on capital debt	131,666	97,201
Interest income	(7,465)	(4,296)
	124,201	92,905
Capitalized interest	(17,911)	(19,145)
Net interest expense	106,290	73,760

15. Cash and temporary investments:

($ 000s)	2001	2000
Cash and temporary investments at the end of the period, consist of deposits with banks and investments in money market instruments.		
Cash	(734)	2,322
Temporary investments	8,167	14,697
	7,433	17,019

16. Employee benefit plans:

The BCTFA and its employees contribute to the Public Service Pension Plan in accordance with the Public Sector Pension Plans Act. The Public Service Pension Plan is a multi-employer, defined pension plan and is available to substantially all of BCTFA employees. The British Columbia Pension Corporation administers the Plan, including payment of pension benefits on behalf of employers and employees to whom the act applies. The most recent actuarial valuation (March 31, 1999) has determined the Plan is in a surplus position. Effective January 1, 2001, the Public Service Pension Plan's management changed to a joint trusteeship whereby the management, risks and benefits are shared between the employees and the employers. Employees are entitled to specific retirement benefits as provided for under collective agreements and terms of employment. The cost of employee future benefits for these plans is recognized as an expense in the year contributions are paid.

12. Grant programs:

The BCTFA provided grants during the year under the following programs:

Application-driven programs -

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17. Commitments:

At the end of each year, the BCTFA has a number of general commitments outstanding for ongoing infrastructure projects. Such future expenditures are charged to the capital program of the year in which the work or service is performed. The approved capital program for 2001/02 is $301.0 million.

The BCTFA also has grant commitments for $0.233 million for cycling network projects, $0.255 million for HOV network projects and $0.190 million for newly incorporated territory projects, all of which will be completed after March 31, 2001.

18. Contingencies:

Contingent liabilities of $103 million remain after deducting the estimated settlement expense currently accrued from gross claims outstanding for capital projects.

19. Subsequent Event

As part of government restructuring the BC Transportation Financing Authority will be merged with the Ministry of Transportation. Timelines for and the implications of this merger have not yet been determined.

20. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

Governance Practices

The BC Transportation Financing Authority was created by the *Build BC Act* and, accordingly, exercises the powers set out in that Act. The Board is comprised of the Minister responsible for the BCTFA, who is also the Chair of the Board and not more than four other members appointed by the Lieutenant Governor in Council. As during the 2000/01 fiscal year, the Board was chaired by the Hon. Harry Lali (from April 2000 to February 2001) and the Hon. Helmut Giesbrecht (from February to March 2001). Other members of the Board during the fiscal year were Hon. Jim Doyle, Hon. Corky Evans, Hon. Helmut Giesbrecht, Hon. Gerard Janssen, Hon. Jenny Kwan, Hon. Harry Lali, and Hon. Dan Miller. As all members of the board were elected officials, their conduct is subject to the *Members' Conflict of Interest Act*.

The Board is required, under the *Build BC Act*, to meet at least four times per year. During the 2000/01 fiscal year, the board met ten times. The Board did not establish any committees; all issues are canvassed by the entire board. Independent auditors attend board meetings at least once annually and the board has an opportunity to meet with them without management being present.

The Board follows established rules to govern its proceedings and to delegate specific authorities to the President and CEO.